

SHALLOW SUBSIDY COMPLIANCE GUIDE

VA Supportive Services for Veteran Families

5th Edition, November
2021

Supportive Services for Veteran Families Shallow Subsidy Compliance Guide

Background

The real estate market has become challenging in both metropolitan cities and rural areas. Housing costs are rising and vacancy rates are decreasing around the country. Despite the success shown from SSVF's Rapid Rehousing and Homeless Prevention projects, Veteran households are experiencing rent burden, which was increased by the economic crisis associated with COVID-19.

In 2018, the SSVF Program Office conducted a review of intermediate-term rental subsidy efforts, which included an overview of programs underway in New York City, Washington D.C., and Los Angeles. Through this review, the SSVF Program Office identified promising practices in a new type of rental subsidy arrangement known as a *shallow subsidy*. A shallow subsidy offered recurring rental assistance at a fixed rate for a longer period in comparison to Rapid Rehousing. The expectation was that this sustained support would expand housing options and increase the Veteran households' ability to meet other costly living expenses. As a result, the SSVF Program Office embarked on an initiative in October 2019 to offer the Shallow Subsidy service in select communities.

As the COVID-19 health emergency has significantly increased the population of Veteran households at risk of homelessness, the SSVF Program Office is expanding the Shallow Subsidy service to include every county and equivalent in the 50 United States; the District of Columbia; Puerto Rico; the U.S. Virgin Islands; and Guam. This expansion will enable all eligible Veteran households to access this housing option. More details may be found [here](#).

Description

The SSVF Shallow Subsidy service provides rental assistance to very low-income and extremely low-income Veteran households who are enrolled in SSVF's Rapid Rehousing or Homeless Prevention projects. It is likely that most participants will have already received rental assistance via traditional SSVF projects (Rapid Rehousing or Homeless Prevention) but remain rent burdened.

Under the Shallow Subsidy service, SSVF grantees provide rental assistance payments to landlords on behalf of the Veteran household. The rental assistance is at a fixed rate every month, regardless of changes in the Veteran household's income or monthly rent amount. SSVF grantees are also expected to offer light case management services but may adjust as needed.

For SSVF's Shallow Subsidy service, the maximum amount of rental subsidy that can be provided on behalf of the Veteran household is up to 50% of rent reasonableness.

See table below for the allowable number of months that Veteran households may receive rental assistance through the Shallow Subsidy service:

| Veteran households between 30-50% AMI | Veteran households at or below 30% AMI |
|--|--|
| <ul style="list-style-type: none"> • Shallow subsidy is up to 50% of rent reasonableness. • Rental assistance for 2 years minus X months of rental assistance they received during traditional SSVF projects (Rapid Rehousing or Homeless Prevention). | <ul style="list-style-type: none"> • Shallow subsidy is up to 50% of rent reasonableness. • Rental assistance for 2 years. |

Rent reasonableness means the total rent charged for a unit must be reasonable in relation to the rents being charged during the same time period for comparable units in the private unassisted market and must not exceed rents charged by the property owner during the same time period. Grantees should establish that a unit meets rent reasonableness by documenting details of three similar advertised rental properties and verifying that rental amounts are comparable. The SSVF Program Office has developed a Rent Reasonableness Checklist to help grantees determine and document this requirement; grantees may find the checklist in the most recent version of the [SSVF Program Guide](#).

Veteran households will not undergo recertification while they are receiving a shallow subsidy. At the end of the shallow subsidy period, however, the Veteran household may be recertified, and the fixed rental assistance amount would be updated at the current rent reasonableness.

Stafford Act During COVID-19

The Stafford Act allows for Veteran households between 30% and 50% AMI to receive a full 2 years of shallow subsidy rental assistance if they were transitioned into the Shallow Subsidy service after March 2020. Commitments made during the Stafford Act exemption continue even after the Stafford Act is lifted, thus completing the 2-year service.

Targeting

Generally, the target population for the Shallow Subsidy service are Veteran households with sufficient income to pay the remaining balance of their rent after the subsidy is applied. This may be retired seniors or Veterans households with disabilities who are on fixed incomes. Veterans who are candidates for the U.S. Department of Labor's [Homeless Veterans' Reintegration Program \(HVRP\)](#) may also be a good fit. SSVF grantees may also find that Veteran households who are on the wait list for affordable housing opportunities or are presently in shared living may also be appropriate for the Shallow Subsidy service. Ultimately, SSVF grantees will need to determine targeting criteria on a local level; this will likely take place throughout the SSVF grantees' program design, community planning meetings and case conferencing. Be aware, however, that the use of targeting criteria should not inadvertently result in screening Veteran households out. Instead, targeting criteria should be used as a guide to help determine appropriateness.

Equity

To ensure that every Veteran household is evaluated based on need factors, acuity, and resources, and that each Veteran household obtains Veteran-centric, culturally informed, and collaborative care, please see below resources:

- HUD has racial equity resources, data toolkits and research reports resources on the [Racial Equity - HUD Exchange](#)
- USICH has provided strategies and actions [How to Start Addressing Racial Disparities in Your Community | United States Interagency Council on Homelessness \(USICH\)](#)
- CDC has provided five key topic areas of social determinates of health [COVID-19 Racial and Ethnic Disparities \(cdc.gov\)](#): neighborhood and physical environment, health and healthcare, occupation and job condition, income and wealth, education
- VHA Office of Health Equity [Population Page - Racial and Ethnic Minority Veterans - Office of Health Equity \(va.gov\)](#)
- VHA Homeless Programs, and specifically SSVF, received CARES Funds and SSVF [Health Care Navigators](#)
- Executive Order 13985: On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government – 1/20/21 [Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government | The White House](#)
- VA Office of Public and Intergovernmental Affairs [VA establishes 120-day task force on inclusion, diversity, equity and access](#)

Core Principles

Housing First

The SSVF Program Office requires all SSVF grantees to use the Housing First approach in their program design and services. In keeping with Housing First, SSVF grantees are to place an emphasis with assisting Veteran households to meet their responsibilities as tenants, including paying their portion of rent and complying with a standard lease agreement.

Progressive Engagement

SSVF continues to follow a Progressive Engagement approach for all interventions provided to Veteran households enrolled in the program. This means that SSVF grantees should consider providing minimal support to Veteran households to help them obtain or maintain their permanent housing, and then scale that assistance to increased or decreased intensity as needed throughout the engagement. Consistent with this approach, it is generally assumed that Veteran households first engage in traditional Rapid Rehousing or Homeless Prevention projects prior to being offered the Shallow Subsidy service. Please note, however, that there are no standardized expectations of how long a Veteran household should be receiving traditional SSVF assistance (Rapid Rehousing or Homeless Prevention) before transitioning to a shallow subsidy, as this is determined on an individualized basis. Should a Veteran household eventually require a higher level of care outside the scope of SSVF, a referral to HUD-VASH, senior housing or any high intensity intervention may be initiated.

Coordination

Local Continuums of Cares (CoCs)

SSVF grantees are expected to partner with their local CoCs to review data, determine potential target populations and establish policies and procedures for prioritizing Veteran households for the Shallow Subsidy service. SSVF grantees must also coordinate with their designated CoC leadership and Board to determine the rate (up to 50% of rent reasonableness) of shallow subsidy assistance in their local community.

Local VA Medical Centers (VAMCs)

SSVF grantees are expected to also work with the local VAMC to coordinate care with Veteran households receiving a shallow subsidy and seek consultation, as needed. Consultation may be conducted with the local VAMC Homeless Program and the Veteran household's assigned medical or mental health team. This engagement may be initiated by the SSVF grantees' Healthcare Navigators.

It is also important that SSVF grantees closely coordinate with their HUD-VASH partners to address how your communities' permanent housing resources will be targeted and deployed as part of the plan to end homelessness among Veterans. SSVF and HUD-VASH Progressive Assistance and Coordination Considerations may be found [here](#).

Other SSVF Grantees

SSVF grantees who share service areas are expected to work in partnership to determine how Veteran households are prioritized and provided the Shallow Subsidy service. SSVF grantees are encouraged to determine how outreach is conducted and how referrals are made for the Shallow Subsidy service in these situations.

HVRP Providers

Given the length of the subsidy and the expected characteristics of the target population (limited income, but low case management needs), Veteran households who receive a shallow subsidy may be viable candidates for employment programs such as the U.S. Department of Labor's [Homeless Veterans Reintegration Program \(HVRP\)](#). SSVF grantees are encouraged to align efforts with their local HVRP grantees by co-enrolling Veterans and collaboratively managing cases. HVRP eligibility guidance may be found [here](#).

Supportive Services

Case Management

The SSVF Program Office anticipates that the Shallow Subsidy service will offer a less intensive level of case management than when the Veteran households are initially enrolling in Rapid Rehousing and Homeless Prevention projects. Also, for comparison, the Shallow Subsidy service will also offer less intense case management than the HUD-VASH program, which provides clinical care. While case management may be less intensive for Veteran households receiving shallow subsidy assistance, the SSVF Program Office requires grantees to provide, at minimum, monthly check-ins with participants to ensure that the assisted Veteran household is living in

the housing unit, that the tenant portion of rent is being paid, and that the household is stable. If needed, referrals for additional support or resources must be pursued. SSVF grantees must document these monthly check-ins as a service in HMIS every month.

SSVF grantees should provide supportive services based on the Veteran household's needs and desires, consistent with all SSVF practices. Please note that the SSVF grantees' Healthcare Navigators may also render services to Veteran households transitioned into the Shallow Subsidy service.

Transitions from the Shallow Subsidy Service

Veteran households may be in different situations towards the conclusion of their time in the Shallow Subsidy service.

First, SSVF grantees will, in coordination with the Veteran household, review the Veteran household's income and ability to maintain permanent housing near the end of the 2-year shallow subsidy period. Some Veteran households might exit from both the Shallow Subsidy service and the SSVF program due to their increased income and stability. Other Veteran households may be recertified and remain in the Shallow Subsidy service for continued rental assistance to ensure further housing stability. There may also be Veteran households who will have used their time in the Shallow Subsidy service to apply for a deeper rent subsidy and work their way up a waiting list for a permanent tenant-based rent subsidy or an affordable project-based rental unit. Lastly, some Veteran households may be progressively engaged and referred to the HUD-VASH program or another higher level of care to meet any clinical needs that were identified while in the Shallow Subsidy service. All transition plans should be discussed and coordinated with the Veteran households and documented by the SSVF grantee.

SSVF grantees may find it necessary to exit Veteran households from the Shallow Subsidy service if the household abandons the housing unit, enters an institution of care like a hospital long term treatment, or cannot be located for more than 90 days. SSVF grantees may also exit Veterans households who are arrested and expected to be incarcerated for a period of longer than 90 days.

Please note that SSVF grantees should not exit Veteran households from the Shallow Subsidy service due to failure to pay the tenant portion of rent or eviction. Instead, SSVF grantees are expected to work closely with the Veteran households to identify barriers and determine next steps that ensure housing stability.

Budget Considerations

SSVF Grantees who are not currently in possession of the Priority 3 shallow subsidy grant through the FY 2020 Notice of Funding Availability will be awarded funds from the American Rescue Plan so that they, too, may offer the Shallow Subsidy service. These grant funds are solely to be used for the Shallow Subsidy service.

The SSVF Program Office will require a budget similar to budgets submitted in the past via activity in the Smart Simple grants management platform. Budget line items must specifically be in support of the Shallow Subsidy service. A minimum of 50% of the shallow subsidy grant must be used as Temporary Financial Assistance (TFA), as Veteran households are not expected to need high intensity services; the SSVF Program Office encourages more than 50% of funds go towards TFA. Admin costs cannot exceed 10% of the overall budget. All expenditures should adhere to normal practices established under the [SSVF Program Guide](#) and meet auditing and oversight requirements.

SSVF grantees will have a new account set up in the HHS Payment Management System (PMS) strictly devoted to shallow subsidy costs. The shallow subsidy grants will also be given a new grant ID number in PMS. Expenses cannot be intermingled between an SSVF grantee's renewal grant and their shallow subsidy grant; a Veteran household must only be charged to one grant. The timeline of the SSVF grantees' shallow subsidy grant is independent of the timeline of their renewal grant.

TFA Allowable Costs and Limitations

The SSVF Program Office requires that the shallow subsidy rental amount remain the same for a Veteran household during the time that they are receiving Shallow Subsidy services.

In addition to the fixed monthly rental assistance that the Shallow Subsidy service provides to Veteran households, other needs-based payments may be rendered as well. See table below for other TFA allowable costs and limitations:

| | |
|--|---|
| Utility Assistance | Eligible while participating in the Shallow Subsidy service; traditional TFA limits apply using the original SSVF enrollment date. |
| Child Care | Eligible while participating in the Shallow Subsidy service; traditional TFA limits apply using the original SSVF enrollment date. |
| Transportation Assistance | Eligible while participating in the Shallow Subsidy service; traditional TFA limits apply using the original SSVF enrollment date. |
| Security and/or Utility Deposit | Eligible while participating in the Shallow Subsidy service; traditional TFA limits apply using the original SSVF enrollment date. |
| Rental Assistance (to cover additional rent on top of 50% of rent reasonableness) | Not eligible when the Veteran is receiving a shallow subsidy. However, other forms of non-SSVF, non-federal rental assistance may be combined with the Shallow Subsidy as long as the total of all subsidies do not exceed the total rent amount. If a Veteran is no longer able to pay their portion of the rent, they may transition back to traditional SSVF so that available SSVF TFA Rental |

| | |
|---|---|
| | Assistance can be utilized. Veterans must be recertified to determine eligibility immediately prior to transitioning to traditional SSVF. |
| Emergency Housing Assistance | Not eligible when Veteran is participating in the Shallow Subsidy service. |
| Moving Assistance | Eligible while participating in the Shallow Subsidy service; traditional TFA limits apply. |
| General Housing Stability Assistance | Eligible while participating in the Shallow Subsidy service; traditional TFA limits apply. |

Documentation Standards

SSVF grantees must document and maintain evidence of initial eligibility for SSVF in the client files. For purposes of SSVF, VA allows various types of documentation, ranging from third-party written verification to participant self-declaration. Minimum acceptable types of documentation vary depending on the type of income or housing status. SSVF grantees can review the [SSVF Program Guide](#) for specific guidelines on acceptable types of documentation for the elements listed below.

- **Screening and Eligibility:** SSVF grantees should document details of the Veteran households' screening and eligibility for the Shallow Subsidy service. Documentation should also include the Veteran households' understanding and agreement of transitioning into the Shallow Subsidy service.
- **Income:** SSVF grantees must document that Veteran households are either very low income (below 50% AMI) or extremely low income (below 30% AMI) before offering the Shallow Subsidy service. Income must have been documented within the last three months through either initial enrollment or recertification.
- **Housing Stability Plan:** Veteran households receiving a shallow subsidy are encouraged to set goals and milestones that would help them to sustain permanent housing. While each plan will be individualized, goals and objectives should focus on maintaining housing stability by increasing income or resources through employment or benefits. Referrals to HVRP and transition/exit plans should also be documented.
- **Housing Status:** SSVF grantees are expected to document that the Veteran households can remain in the current housing unit by verifying that a lease or other housing agreement is in place.
- **Housing Habitability:** SSVF grantees must document that the housing unit meets SSVF Housing Habitability Standards, as described in the [SSVF Program Guide](#). SSVF grantees may use prior documentation from SSVF Housing Habitability Standards inspections if the inspection document is less than one year old.
- **Shallow Subsidy Rental Amount:** SSVF grantees must document the monthly shallow subsidy rental amount that is provided on behalf of the Veteran household. SSVF grantees are not to conduct additional recertifications of eligibility while the Veteran household is receiving a shallow subsidy, as this

counters the principle of the Shallow Subsidy service and SSVF regulations. However, Veteran households presently enrolled in Rapid Rehousing or Homeless Prevention projects who have not yet transitioned to the Shallow Subsidy service must first be certified or recertified within the last three months prior to the household's transition into the Shallow Subsidy service. As a reminder, SSVF grantees are required to ensure that Veteran households' client files are complete before issuing TFA.

Demonstrating Compliance

SSVF grantees with insufficient client file documentation may be found out of compliance with SSVF Program regulations during a VA Financial and Operational Fitness (FOFA) audits. SSVF grantees must develop policies and procedures that ensure appropriate documentation is obtained and included in participants' files. Grantees are directed to the [SSVF Program Guide](#) to ensure all necessary information is collected, documented, and maintained in client files to demonstrate program compliance. In addition to the bullet points above, here is a list of what will be reviewed during the FOFA audits specific to the Shallow Subsidy service. Please note that other items may be requested for review as well.

Operations and Program Design:

- Tracking that 50% of the shallow subsidy grant went towards TFA
- Confirmation of partnership with local CoC and VAMCs
- Confirmation of Housing First approach in program design
- Enforced standards and controls to ensure costs, including TFA, are allowable
- Tracking of shallow subsidy enrollments, subsidy rental amount per household and commitment to cover 2-year period
- Confirmation that grantee completed [SSVF Fraud, Waste and Abuse Webinar](#) annually
- Verification that HMIS data entry is being completed

HMIS Data and Documentation Standards

As with traditional SSVF (Rapid Rehousing and Homeless Prevention projects), grantees are expected to enter all required data elements for the Shallow Subsidy service, including TFA and case management, into HMIS. Therefore, Veteran households receiving the Shallow Subsidy service will remain open in HMIS. A separate project for the Shallow Subsidy service should not be created.

Veteran households must first be in either the Rapid Rehousing or Homeless Prevention projects in HMIS. Only then is a transition into the Shallow Subsidy service possible.

SSVF grantees must document monthly check-ins in HMIS by entering a case management service under V2 Services Provided response # 7 *Extended Shallow Subsidy*. SSVF grantees should also report Veteran income in HMIS every quarter.

SSVF grantees must document all shallow subsidy rental payments monthly in HMIS by entering the date and amount of financial assistance and selecting HMIS data element V3 Financial

Assistance Type – response # 15 *Extended Shallow Subsidy – Rental Assistance*.

Please note that, while the shallow subsidy grants will have a new grant ID number, all Shallow Subsidy service data will be inputted using the SSVF grantees' existing grant numbers in HMIS. There is no separate repository upload specific to the Shallow Subsidy service.

Grantees can find more information about documentation standards in the [FY 2021 VA Data Guide](#).

Outcomes

The VA will utilize data uploaded from HMIS to the VA repository to track the number of Veteran households served under the SSVF Shallow Subsidy service. The VA will also use data gathered upon exit to evaluate effectiveness in helping households in sustaining permanent housing and increasing income.

Fraud Prevention

The SSVF Program Office expects grantees to be mindful of potential situations and instances where fraud can occur, and implement appropriate policies and management practices to prevent any occurrence. Reviewing preventative measures and risk mitigation is critical and aligns with SSVF standard protocols. SSVF grantees are required to review the Audit, Fraud, Waste and Abuse Webinar annually [here](#).